

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4871-01
Bill No.: HB 2102
Subject: Cosmetology; Economic Development Department; Licenses - Professional
Type: Original
Date: March 13, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Cosmetology Board Fund	\$0	\$40,000	\$600
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$40,000	\$600

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development–Professional Registration (DPR)** assume the proposed legislation would result in potential licensure of 100 persons in the electrolysis business plus 100 facility licenses.

The revenue projected by DPR reflects an estimated \$200 fee for initial licensure and \$100 for biennial renewal fee, to be set by rule. Revenue for FY 2004 would be \$40,000. A 3% growth rate has been assumed. It is assumed the Council on Electrolysis would reimburse the PR Fees Fund for all expenses paid by the PR Fees Fund.

DPR is requesting an additional 0.5 FTE to carry out duties created by this proposal. The additional employees include a 0.25 Principal Assistant (0.25 FTE at \$48,240 per year) to serve as senior executive officer of the licensing agency; a 0.25 Licensure Technician II (0.25 FTE at \$24,492 per year) to provide technical support directly to the Principal Assistant and to be responsible for processing applications for licensure, as well as responding to any inquiries relating to the licensure law or rules and regulations.

This proposal establishes a seven member Missouri Council on Electrolysis. All meetings would be held in Jefferson City. The Principal Assistant, Licensure Technician and an Attorney General representative will also attend. It is assumed meetings would be held 4 times per year for 2 days. It is assumed there would be 4 meetings in FY 2003 to promulgate rules and regulations. The proposal allows for a \$50 per diem and reimbursement of expenses for board members when conducting board business. Associated costs (per diem, mileage, lodging, & meals) would be \$12,533 per year.

DPR estimates printing and postage costs for FY 2004 at \$6.19 per licensee, or \$1,238. DPR has estimated postage and printing costs for subsequent years at \$1,000 per year. Office and communication expenses and equipment are based on estimated existing costs within the Division and follow Office of Administration guidelines.

DPR officials assume it would be reasonable to assume there would be 2 complaints filed yearly, with an estimate of one of the complaints requiring an investigation. It is estimated that an average investigation will require 30 hours of field work. Travel costs to conduct investigations are estimated at \$255 yearly. It is assumed the complaints and investigations will not begin until FY 2005.

It is assumed by DPR that existing staff would design, program, and implement a computer licensure program (8 hours x \$21.65 per hour = \$173.20).

ASSUMPTION (continued)

It is estimated that the **Office of the Attorney General (AGO)** would provide approximately 60 hours of assistance per year with rules, opinions and meetings. Based on an hourly cost of \$60.87, the annual total would be \$3,652. Based on one case per year being referred to the AGO for further action, the annual cost would be \$5,400.

Oversight assumes that with the limited number of licensees any costs associated with licensing persons doing electrolysis can be handled within the Board of Cosmetology. Oversight further assumes there will not be costs to the Professional Registration Fees Fund since the Council on Electrolysis revenue and expenses will flow through the Board of Cosmetology Fund. Oversight also assumes that costs incurred by the Office of Attorney General are reimbursed through the Board of Cosmetology Fund.

Officials from the **Office of the Secretary of State (SOS)** assume, based on experience with other licensing boards, the rules, regulations and forms issued by the Missouri Council on Electrolysis could require as many as 20 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the \$1,230 estimated for FY 03. For future years, the impact is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

Oversight assumes SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials with the **Office of State Public Defender** assumes that existing staff could provide representation for those cases arising where indigent persons were charged with practicing electrolysis without a license.

Officials with the **Department of Corrections** assume costs to be \$0, or a minimal amount that can be absorbed each year.

Officials with the **Office of State Courts Administrator** stated there would be no fiscal impact to their agency.

Officials with the **Office of Prosecution Services** indicated any costs to prosecutors could be absorbed.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
BOARD OF COSMETOLOGY FUND			
<u>Income</u> - Licensure Fees	<u>\$0</u>	<u>\$40,000</u>	<u>\$600</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposed legislation would have a fiscal impact on those businesses engaging in electrolysis due to licensing fees.

DESCRIPTION

This proposed legislation contains provisions regarding the practice of electrolysis:

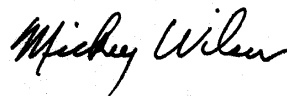
- (1) Creates the Missouri Council on Electrolysis within the Division of Professional Registration;
- (2) Requires the council to report to the Board of Cosmetology;
- (3) Requires the council to adopt rules regarding ethics; curriculum and training; sanitary guidelines; continuing education; examinations; licensing fees; educational background; reciprocity; denial, suspension, and revocation of licenses; exemptions from licensure; and the delivery of electrolysis services;
- (4) Allows the council to issue licenses to applicants who have been practicing electrolysis for two years prior to the effective date of the bill who meet requirements established by the council;
- (5) Prohibits any person from holding out as a registered electrologist without first being licensed; and
- (6) Requires operating licenses for electrolysis facilities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would increase state revenue.

SOURCES OF INFORMATION

LMD:LR:OD (12/01)

Department of Economic Development
Division of Professional Registration
Office of State Public Defender
Department of Corrections
Office of Prosecution Services
Office of Secretary of State
Administrative Rules Division
Office of State Courts Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 13, 2002